

---

6)

===== Start of Answer #6 (389 words) =====

1. Withdrawal from the partnership: At issue is whether a partner may withdraw from a partnership without a proper dissolution of the partnership. A partnership is an agreement between two or more parties to act as co-owners and to share profits from the enterprise. Here, man and woman had a partnership for the management of a natural-food store. Under a partnership, each partner is entitled to terminate such agreement. However, the termination of a partnership will trigger the dissolution of the partnership. A proper dissolution of a partnership should go through a winding-up phase (where all debts to creditors and the contributions by each partner are paid). In this case, man did not properly terminate the partnership, he should have sent notice to woman of his intent to terminate the partnership, so the man and the woman could start a process of dissolution of the partnership.

2. Legal effect of the man's withdrawal: At issue is the legal effect of the withdrawal of a partner from a partnership. Once one of the partners of a partnership decides to leave the partnership, and the partnership is formed by only two partners, the legal effect is the dissolution of the partnership (see above).

3. Duties breached by the man: At issue is whether a partner that purchases an asset for his own profit has breached any duty to the partnership. As a general rule, every partner has a duty of loyalty to the partnership. This is a duty to act on the benefit of the partnership and not to enter into any transaction of self-dealing, against the interests of the partnership, or to usurp business opportunities from the partnership. Here, the partnership had a lease in the building in which the store was located and the partnership had sought to purchase the building in several opportunities, but the landlord always refused. Man was aware of the interest the partnership had in such building, therefore man had the duty to act in the best interest of the partnership and should have given notice of this to the partnership, so the partnership could acquire property of the building. Nonetheless, the man decided to ignore such duty and acquired the building for himself, usurping a business opportunity from the partnership. Thus, the man breached the duty of loyalty owed to the company.

Question #6 Final Word Count = 389

===== End of Answer #6 =====

END OF EXAM

---